

<i>SERFF Tracking Number:</i>	<i>CHUB-125444453</i>	<i>State:</i>	<i>Arkansas</i>
<i>Filing Company:</i>	<i>Federal Insurance Company</i>	<i>State Tracking Number:</i>	<i>#368640 \$100</i>
<i>Company Tracking Number:</i>	<i>DO AR0038610R01</i>		
<i>TOI:</i>	<i>17.1 Other Liability - Claims Made Only</i>	<i>Sub-TOI:</i>	<i>17.1006 Directors &amp; Officers Liability</i>
<i>Product Name:</i>	<i>Asset Management Protector by Chubb</i>		
<i>Project Name/Number:</i>	<i>/00386</i>		

## Filing at a Glance

Company: Federal Insurance Company

Product Name: Asset Management Protector bySERFF Tr Num: CHUB-125444453 State: Arkansas

Chubb

TOI: 17.1 Other Liability - Claims Made Only SERFF Status: Closed

State Tr Num: #368640 \$100

Sub-TOI: 17.1006 Directors & Officers Liability Co Tr Num: DO AR0038610R01

State Status: Fees verified and received

Filing Type: Rate

Co Status:

Reviewer(s): Betty Montesi, Edith Roberts, Brittany Yielding

Authors: Donna Daigle, Lois Schroeder, Christina Cresenzi

Disposition Date: 03/13/2008

Date Submitted: 02/29/2008

Disposition Status: Exempt from Review

Effective Date Requested (New): On Approval

Effective Date (New):

Effective Date Requested (Renewal): On Approval

Effective Date (Renewal):

State Filing Description:

## General Information

Project Name:

Status of Filing in Domicile: Pending

Project Number: 00386

Domicile Status Comments: just filed

Reference Organization: N/A

Reference Number: N/A

Reference Title: N/A

Advisory Org. Circular: N/A

Filing Status Changed: 03/13/2008

State Status Changed: 03/13/2008

Deemer Date:

Corresponding Filing Tracking Number:

Filing Description:

We are filing the rating for our new commercial professional liability product.

A corresponding form filing is being filed under DO AR0038610F01.

SERFF Tracking Number:	CHUB-125444453	State:	Arkansas
Filing Company:	Federal Insurance Company	State Tracking Number:	#368640 \$100
Company Tracking Number:	DO AR0038610R01		
TOI:	17.1 Other Liability - Claims Made Only	Sub-TOI:	17.1006 Directors & Officers Liability
Product Name:	Asset Management Protector by Chubb		
Project Name/Number:	/00386		

## Company and Contact

### Filing Contact Information

Donna Daigle, State Filing Analyst	ddaigle@chubb.com
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### Filing Company Information

Federal Insurance Company	CoCode: 20281	State of Domicile: Indiana
202 Hall's Mill Road	Group Code: 38	Company Type:
P.O. Box 1650		
Whitehouse Station, NJ 08889-1650	Group Name:	State ID Number:
(908) 572-4726 ext. [Phone]	FEIN Number: 13-1963496	
	-----	

## Filing Fees

Fee Required?	Yes
Fee Amount:	\$100.00
Retaliatory?	No
Fee Explanation:	100.00 Flat
Per Company:	No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
Federal Insurance Company	\$0.00	02/29/2008	

CHECK NUMBER	CHECK AMOUNT	CHECK DATE
00368640	\$100.00	02/13/2008

SERFF Tracking Number:	CHUB-125444453	State:	Arkansas
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## Correspondence Summary

### Dispositions

Status	Created By	Created On	Date Submitted
Exempt from Review	Edith Roberts	03/13/2008	03/13/2008

SERFF Tracking Number:	CHUB-125444453	State:	Arkansas
Filing Company:	Federal Insurance Company	State Tracking Number:	#368640 \$100
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## Disposition

Disposition Date: 03/13/2008

Effective Date (New):

Effective Date (Renewal):

Status: Exempt from Review

Comment:

Company Name:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Premium:	Maximum % Change (where required):	Minimum % Change (where required):	Overall % Indicated Change:
Federal Insurance Company	%	\$		\$	%	%	%

SERFF Tracking Number:	CHUB-125444453	State:	Arkansas
Filing Company:	Federal Insurance Company	State Tracking Number:	#368640 \$100
Company Tracking Number:	DO AR0038610R01		
TOI:	17.1 Other Liability - Claims Made Only	Sub-TOI:	17.1006 Directors & Officers Liability
Product Name:	Asset Management Protector by Chubb		
Project Name/Number:	/00386		

Item Type	Item Name	Item Status	Public Access
Supporting Document	Actuarial Memo	Accepted for Informational Purposes	Yes
Rate	Rate Plan	Accepted for Informational Purposes	Yes

SERFF Tracking Number:	CHUB-125444453	State:	Arkansas
Filing Company:	Federal Insurance Company	State Tracking Number:	#368640 \$100
Company Tracking Number:	DO AR0038610R01		
TOI:	17.1 Other Liability - Claims Made Only	Sub-TOI:	17.1006 Directors & Officers Liability
Product Name:	Asset Management Protector by Chubb		
Project Name/Number:	/00386		

## Rate Information

Rate data applies to filing.

**Filing Method:**

Prior Approval

**Rate Change Type:**

**Overall Percentage of Last Rate Revision:**

**Effective Date of Last Rate Revision:**

**Filing Method of Last Filing:**

## Company Rate Information

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Premium:	Maximum % Change (where required):	Minimum % Change (where required):
Federal Insurance Company	%	%				%	%

SERFF Tracking Number:	CHUB-125444453	State:	Arkansas
Filing Company:	Federal Insurance Company	State Tracking Number:	#368640 \$100
Company Tracking Number:	DO AR0038610R01		
TOI:	17.1 Other Liability - Claims Made Only	Sub-TOI:	17.1006 Directors & Officers Liability
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## Rate/Rule Schedule

Review Status:	Exhibit Name:	Rule # or Page #:	Rate Action	Previous State Filing Attachments Number:
Accepted for Informational Purposes	Rate Plan	1-33	New	PlanA.pdf

# Asset Management Protector<sup>SM</sup> by Chubb

## Federal Insurance Company

Premiums are separately calculated for each coverage part purchased.

### I. DIRECTORS AND OFFICERS LIABILITY COVERAGE PART

If Private Company Directors and Officers Liability Coverage Part is purchased, follow the calculation in A. Private Directors and Officers Liability Coverage. If Public Company Directors and Officers Liability Coverage Part is purchased, follow the calculation in B. Public Directors and Officers Liability Coverage. The two options can not be selected at same time. Only one can be selected.

#### A. Private Company Directors and Officers Liability Coverage Part

**Premium Calculation:** The premium for this coverage part is calculated as follows:

The coverage premium is the sum of the 'basic' coverage premium and all applicable rate bearing endorsement premiums.

*The 'basic' coverage premium is calculated as follows:*

**When the selected limit = \$1 million:** (Section 1 Base Rates) x (Section 2.1 ILFs) x (Section 2.2 Retention Factors) x (Section 4 Rating Modifications)

**When the selected limit > \$1 million:** (Section 1 Base Rates) x (Section 2.1 ILFs + Section 2.2 Retention Factors -1) x (Section 4 Rating Modifications)

*The rate bearing endorsement premium in Section 3 is calculated as follows:*

**When the selected limit = \$1 million:** (Section 1 Base Rates) x (Section 2.1 ILFs) x (Section 2.2 Retention Factors) x (Section 3 Endorsement Factors) x (Section 4 Rating Modifications)

**When the selected limit > \$1 million:** (Section 1 Base Rates) x (Section 2.1 ILFs + Section 2.2 Retention Factors -1) x (Section 3 Endorsement Factors) x (Section 4 Rating Modifications)

#### Section 1. Base Rates

Base rates are for a \$1,000,000 limit and a base retention based on insured's total assets under management, including separate account investment adviser, mutual fund and private fund assets under management. Potential applicants with assets under management of \$500 billion or more will be 'a' rated.

Assets under Management (Total) (in Billions)			Base Rate	Base Retention
		< \$0.5	\$3,500	\$25,000
= \$0.5	to	< \$1	\$3,600	\$50,000
= \$1	to	< \$2	\$3,800	\$50,000
= \$2	to	< \$4	\$4,200	\$50,000
= \$4	to	< \$7	\$4,800	\$50,000
= \$7	to	< \$10	\$5,400	\$100,000
= \$10	to	< \$15	\$6,000	\$100,000



= \$15	to	< \$20	\$8,000	\$100,000
= \$20	to	< \$25	\$9,000	\$100,000
= \$25	to	< \$35	\$10,500	\$250,000
= \$35	to	< \$50	\$12,500	\$250,000
= \$50	to	< \$75	\$15,500	\$250,000
= \$75	to	< \$100	\$18,000	\$500,000
= \$100	to	< \$150	\$22,000	\$500,000
= \$150	to	< \$200	\$25,000	\$750,000
= \$200	to	< \$300	\$26,500	\$750,000
= \$300	to	< \$400	\$28,000	\$750,000
= \$400	to	< \$500	\$30,000	\$750,000

## Section 2. Increased Limit Factors and Retention Factors

### 1. Increased Limit Factors

- a. For a limit = \$1 million the factors in the table below apply. Linear interpolation should be used to determine an Increased Limit Factor (ILF) if the desired limit is not shown (rounding to 3 decimals).

Limit	Factor
\$500,000	0.800
\$1,000,000	1.000

- b. For limits > \$1 million the ILF is calculated using the following formula and rounding to 3 decimals, where 'p' is the insured's coinsurance participation percentage:

$$ILF = (1-p) \times \{[\text{limit in millions} \div (1-p)]^{0.750}\}$$

The chart below shows sample ILFs calculated using the above formulas.

Limit	Factor
\$1,000,000	1.000
\$2,000,000	1.682
\$3,000,000	2.280
\$5,000,000	3.344
\$10,000,000	5.623
\$15,000,000	7.622
\$20,000,000	9.457
\$25,000,000	11.180

2. **Retention Factors:** Apply the applicable retention factor from the table below.

Selected Retention	Base Retention					
	\$25,000	\$50,000	\$100,000	\$250,000	\$500,000	\$750,000
\$25,000	1.00	1.10	1.16	1.26	1.34	1.40
\$50,000	0.91	1.00	1.05	1.14	1.21	1.27
\$100,000	0.87	0.95	1.00	1.09	1.16	1.21
\$150,000	0.82	0.90	0.94	1.03	1.09	1.15
\$250,000	0.79	0.87	0.92	1.00	1.06	1.11
\$500,000	0.75	0.83	0.87	0.95	1.00	1.05

<b>\$750,000</b>	0.71	0.79	0.83	0.90	0.95	1.00
<b>\$1,000,000</b>	0.68	0.75	0.79	0.86	0.91	0.96
<b>\$2,000,000</b>	0.63	0.69	0.73	0.79	0.84	0.88
<b>\$2,500,000</b>	0.61	0.67	0.71	0.77	0.82	0.86
<b>\$3,000,000</b>	0.60	0.66	0.69	0.75	0.80	0.84
<b>\$4,000,000</b>	0.58	0.63	0.67	0.73	0.77	0.81
<b>\$5,000,000</b>	0.56	0.61	0.64	0.70	0.74	0.78
<b>\$7,500,000</b>	0.53	0.58	0.61	0.66	0.70	0.74
<b>\$10,000,000</b>	0.50	0.55	0.58	0.63	0.67	0.71

Note: Interpolation/extrapolation should be used to determine a retention factor and rounding to 3 decimals if the desired retention is not shown.

### Section 3. Rate Bearing Endorsement

#### 1. Outside Directorship Liability Coverage: (For-profit Double Excess)

The appropriate factor should be applied multiplicatively to the product of the base rate determined in Section 1, and the weighted ILF and Retention Factors determined in Section 2.

3 or fewer outside board seats	0.05 - 0.07
4 to 6 outside board seats	0.08 - 0.10
7 to 9 outside board seats	0.11 - 0.13
10 or more outside board seats	0.14 - 0.15

### Section 4. Rating Modifications

#### 1. Financial Strength

Excellent	0.75 - 0.95
Solid	0.96 - 1.05
Average	1.06 - 1.25
Deteriorating	1.26 - 1.50

#### 2. Financial Trends

Excellent	0.75 - 0.95
Above Average	0.96 - 1.05
Average	1.06 - 1.25
Below Average	1.26 - 1.75

#### 3. Merger & Acquisition / Capital Raising Activity

None	0.95 - 1.00
Little Activity	1.01 - 1.05
Moderate Activity	1.06 - 1.25
Highly Acquisitive	1.26 - 1.75

#### 4. Prior Litigation Experience: Relates to any type of litigation which has been brought against the insured. A rate

modification is determined based on the frequency, severity, and type of claims as follows:

None	0.85 - 0.95
Minimal	0.96 - 1.05
Material	1.06 - 1.25
Significant	1.26 - 1.35

#### 5. Management Experience Level

Above Average	0.85 - 0.95
Average	0.96 - 1.05
Below Average	1.06 - 1.25

#### 6. Management Stability/Turnover

Little	0.75 - 0.95
Some	0.96 - 1.05
Significant	1.06 - 1.25

#### 7. Prior D&O Claim Activity

None	0.90 - 1.00
Minimal	1.01 - 1.10
Material	1.11 - 1.25
Significant	1.26 - 2.50

#### 8. Years in Business

> 10 years	0.85 - 0.95
> 5 years but = 10 years	0.96 - 1.05
= 5 years	1.06 - 1.25

#### 9. Complexity of Business Operations

Low	0.80 - 0.95
Average	0.96 - 1.05
High	1.06 - 1.20

### B. Public Company Directors and Officers Liability Coverage Part

**Premium Calculation:** The premium for this coverage part is calculated as follows:

The coverage premium is the sum of the 'basic' coverage premium and all applicable rate bearing endorsement premiums.

*The 'basic' coverage premium is calculated as follows:*

**When the selected retention = \$1 million:** use ILF and Retention Factors (not CLRF\*)  
 (Section 1 Base Rates) x (Section 2.1 ILFs) x (Section 2.2 Retention Factors) x (Section 4 Rating Modifications)

**When the selected retention > \$1 million:** use CLRF\* (instead of ILF and Retention Factors)  
 (Section 1 Base Rates) x (Section 2.3 CLRF) x (Section 4 Rating Modifications)

*The rate bearing endorsement premiums in Section 3 are calculated as follows:*

**When the selected retention = \$1 million:** use ILFs and Retention Factors (not CLRF\*)  
 (Section 1 Base Rates) x (Section 2.1 ILFs) x (Section 2.2 Retention Factors) x (Section 3.# Endorsement Factors) x  
 (Section 4 Rating Modifications)

**When the selected retention > \$1 million:** use CLRF\* (instead of ILF and Retention Factors)  
 (Section 1 Base Rates) x (Section 2.3 CLRF) x (Section 3.# Endorsement Factor) x (Section 4 Rating Modifications)

\*Note: A CLRF is a 'Combined Limit and Retention Factor', and is calculated using a modified version of the ILF formula. It is only used if the selected retention is > \$1 million. If the selected retention is = \$1 million then the combination of ILF and Retention Factors are used. See Section 2.3 for more details.

## Section 1. Base Rates

Base rates are for \$1,000,000 limit and a 10% (of the limit) retention. The following base rates apply based on the institution's total assets. Insured with \$100 billion or more in total assets will be 'a' rated.

Total Assets	Base Rate
< \$100,000,000	\$20,000
= \$100,000,000 to < \$250,000,000	25,000
= \$250,000,000 to < \$500,000,000	30,000
= \$500,000,000 to < \$1,000,000,000	35,000
= \$1,000,000,000 to < \$2,500,000,000	42,000
= \$2,500,000,000 to < \$5,000,000,000	50,000
= \$5,000,000,000 to < \$10,000,000,000	70,000
= \$10,000,000,000 to < \$25,000,000,000	100,000
= \$25,000,000,000 to < \$50,000,000,000	130,000
= \$50,000,000,000 to < \$100,000,000,000	150,000

## Section 2. Increased Limit Factors and Retention Factors

### 1. Increased Limit Factors (use when selected retention = \$1 million)

- For a limit = \$1 million the factors in the table below apply. Linear interpolation should be used to determine an Increased Limit Factor (ILF) if the desired limit is not shown (rounding to 3 decimals).

Limit	Factor
\$500,000	0.800
\$1,000,000	1.000

- b. For limits > \$1 million the ILF is calculated using the following formula and rounding to 3 decimals, where 'p' is the insured's coinsurance participation percentage:

$$ILF = (1-p) \times \{[\text{limit in millions} \div (1-p)]^{0.750}\}$$

The chart below shows sample ILFs calculated using the above formulas.

Limit	Factor
\$1,000,000	1.000
\$2,000,000	1.682
\$3,000,000	2.280
\$5,000,000	3.344
\$10,000,000	5.623
\$15,000,000	7.622
\$20,000,000	9.457
\$25,000,000	11.180

2. **Retention Factors** (use when selected retention = \$1 million)

The 'Retention %' is defined as, "selected retention ÷ selected limit". Linear interpolation should be used to determine a Retention Factor if the desired Retention % is not shown (rounding to 3 decimals).

Retention %	Factor
1.0%	1.550
2.5%	1.300
5.0%	1.150
10.0%	<b>1.000</b>
25.0%	0.850
50.0%	0.750
100.0%	0.700

Note: When the "Insuring Clause A Only Coverage Endorsement" is purchased, use a 1.000 retention factor for the calculation of the "basic premium" and for the calculation of any/all other endorsements selected.

3. **Combined Limit and Retention Factors** (use when selected retention > \$1 million)

For a retention > \$1 million a 'Combined Limit and Retention Factor' (CLRF) is calculated using the following formula rounding to 3 decimal places, where 'p' is the insured's coinsurance participation percentage for securities claims:

$$CLRF = (1 - p) \times \{[(\text{limit in millions} \div (1 - p)) + \text{retention in millions}]^{0.750} - [\text{retention in millions}]^{0.750}\}$$

**Section 3. Rate Bearing Endorsements**

The following rate-bearing endorsements are available to this policy. The premium for each selected endorsement is calculated individually.

1. **Outside Directorship Liability Coverage: (For-profit Double Excess)**

The appropriate factor should be applied multiplicatively to the product of the base rate determined in Section 1, and the weighted ILF and Retention Factors (CLRF when retention > \$1 million) determined in Section 2.

3 or fewer outside board seats	0.05 - 0.07
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4 to 6 outside board seats	0.08 - 0.10
7 to 9 outside board seats	0.11 - 0.13
10 or more outside board seats	0.14 - 0.15

**2. Non-Entity Employment Practices Liability:**

Apply a factor of 0.02 to 0.10 multiplicatively to the product of the base rate determined in Section 1 and the weighted ILF and Retention Factors (CLRf when retention > \$1 million) determined in Section 2.

**3. Delete Insuring Clause C: (Delete Entity Securities Liability Coverage)**

Apply a factor of -0.075 multiplicatively to the product of the base rate determined in Section 1 and the weighted ILF and Retention Factors (CLRf when retention > \$1 million) determined in Section 2.

**4. Insuring Clause A Coverage: (Delete Executive Indemnification and Entity Securities Liability Coverage)**

Apply a factor of -0.20 multiplicatively to the product of the base rate determined in Section 1 and the ILF determined in Section 2.1. No retention factor is applied since the base rates assume a \$0 retention for Clause A for all insureds.

**Section 4. Rating Modifications**

**1. Market Capitalization Volatility**

Minor	0.95 - 1.05
Some	1.06 - 1.25
Dramatic	1.26 - 1.50

**2. Financial Strength**

Excellent	0.75 - 0.95
Solid	0.96 - 1.05
Average	1.06 - 1.25
Deteriorating	1.26 - 1.50

**3. Financial Trends**

Excellent	0.75 - 0.95
Above Average	0.96 - 1.05
Average	1.06 - 1.25
Below Average	1.26 - 1.75

**4. Merger & Acquisition / Capital Raising Activity**

None	0.95 - 1.00
Little Activity	1.01 - 1.05
Moderate Activity	1.06 - 1.25
Highly Acquisitive	1.26 - 1.75

- 5. Prior Litigation Experience:** Relates to any type of litigation which has been brought against the insured. A rate modification is determined based on the frequency, severity, and type of claims as follows:

None	0.85 - 0.95
Minimal	0.96 - 1.05

Material	1.06 - 1.25
Significant	1.26 - 1.35

#### 6. Management Experience Level

Above Average	0.85 - 0.95
Average	0.96 - 1.05
Below Average	1.06 - 1.25

#### 7. Management Stability/Turnover

Little	0.75 - 0.95
Some	0.96 - 1.05
Significant	1.06 - 1.25

#### 8. Prior D&O Claim Activity

None	0.90 - 1.00
Minimal	1.01 - 1.10
Material	1.11 - 1.25
Significant	1.26 - 2.50

#### 9. Policy Renewal Status

= 3 year Chubb customer without a claim	0.75 - 0.85
< 3 year Chubb customer without a claim	0.86 - 0.95
Competitor's renewal	0.96 - 1.05
Chubb customer with at least one claim	1.06 - 1.25

#### 10. Years in Business

> 10 years	0.85 - 0.95
> 5 years but = 10 years	0.96 - 1.05
= 5 years	1.06 - 1.25

#### 11. Complexity of Business Operations

Low	0.80 - 0.95
Average	0.96 - 1.05
High	1.06 - 1.20





## II. PROFESSIONAL LIABILITY COVERAGE PART

**Premium Calculation:** The premium for this coverage part is calculated as follows:

The coverage premium is the sum of the 'basic' coverage premium and all applicable rate bearing endorsement premiums.

*The 'basic' coverage premium is calculated as follows:*

**When the selected limit = \$1 million:** (Section 1 Base Rate) x (Section 2.1 ILF) x (Section 2.2 Retention Factor) x (Section 4 Rating Modifications)

**When the selected limit > \$1 million:** (Section 1 Base Rate) x (Section 2.1 ILF + Section 2.2 Retention Factor - 1) x (Section 4 Rating Modifications)

*The rate bearing endorsement premium in Section 3 is calculated as follows. ILF and retention factor are based on the limit and retention selected in the endorsement.*

**When the selected endorsement limit = \$1 million:** (Section 1 Base Rate) x 0.10 x (Section 2.1 ILF) x (Section 2.2 Retention Factor) x (Section 3 Endorsement Factors) x (Section 4 Rating Modifications)

**When the selected endorsement limit > \$1 million:** (Section 1 Base Rate) x 0.10 x (Section 2.1 ILF + Section 2.2 Retention Factor - 1) x (Section 3 Endorsement Factors) x (Section 4 Rating Modifications)

### Section 1. Base Rates

Base rates are for a \$1,000,000 limit and a base retention based on insured's assets under management. Potential applicants with assets under management of \$500 billion or more will be 'a' rated.

Assets under Management (See Note) (in Billions)			Base Rate	Base Retention
		< \$0.5	\$10,000	\$50,000
= \$0.5	to	< \$1	\$11,000	\$50,000
= \$1	to	< \$2	\$12,000	\$50,000
= \$2	to	< \$4	\$13,000	\$100,000
= \$4	to	< \$7	\$15,000	\$100,000
= \$7	to	< \$10	\$20,000	\$100,000
= \$10	to	< \$15	\$25,000	\$250,000
= \$15	to	< \$20	\$30,000	\$250,000
= \$20	to	< \$25	\$34,000	\$250,000
= \$25	to	< \$35	\$39,000	\$500,000
= \$35	to	< \$50	\$45,000	\$500,000
= \$50	to	< \$75	\$50,000	\$750,000
= \$75	to	< \$100	\$55,000	\$750,000
= \$100	to	< \$150	\$65,000	\$1,000,000
= \$150	to	< \$200	\$75,000	\$1,000,000
= \$200	to	< \$300	\$90,000	\$1,000,000
= \$300	to	< \$400	\$100,000	\$1,000,000
= \$400	to	< \$500	\$110,000	\$1,000,000

Note: A separate base rate will be calculated for each coverage clause selected.

If Clause A coverage, Separate Account and Sub-Advisory Liability Coverage, is selected, use separate account investment adviser assets under management to determine the Clause A base rate.

If Clause B coverage, Fund Adviser Liability Coverage, is selected, use mutual fund assets under management to determine the Clause B base rate.

If Clause C coverage, Fund Service Provider Liability Coverage, is selected, use mutual fund assets under management, and apply 0.15 factor to the base rate table to determine the Clause C base rate.

If multiple coverage clauses are selected, total base rate will be the sum of the individual coverage clause base rates.

## Section 2. Increased Limit Factors and Retention Factors

### 1. Increased Limit Factors

- a. For a limit = \$1 million the factors in the table below apply. Linear interpolation should be used to determine an Increased Limit Factor (ILF) if the desired limit is not shown (rounding to 3 decimals).

Limit	Factor
\$500,000	0.800
\$1,000,000	1.000

- b. For limits > \$1 million the ILF is calculated using the following formula and rounding to 3 decimals, where 'p' is the insured's coinsurance participation percentage:  

$$ILF = (1-p) \times \{[\text{limit in millions} \div (1-p)]^{0.750}\}$$

The chart below shows sample ILFs calculated using the above formulas.

Limit	Factor
\$1,000,000	1.000
\$2,000,000	1.682
\$3,000,000	2.280
\$5,000,000	3.344
\$10,000,000	5.623
\$15,000,000	7.622
\$20,000,000	9.457
\$25,000,000	11.180

2. **Retention Factors:** Apply the applicable retention factor from the table below. The base retention is based on the sum of separate account investment adviser assets under management (if Clause A is selected) and mutual fund assets under management (if Clause B or C is selected).

Selected Retention	Base Retention					
	\$50,000	\$100,000	\$250,000	\$500,000	\$750,000	\$1,000,000
\$25,000	1.10	1.16	1.26	1.34	1.40	1.47
\$50,000	1.00	1.05	1.14	1.21	1.27	1.33
\$100,000	0.95	1.00	1.09	1.16	1.21	1.27
\$150,000	0.90	0.94	1.03	1.09	1.15	1.20

<b>\$250,000</b>	0.87	0.92	1.00	1.06	1.11	1.17
<b>\$500,000</b>	0.83	0.87	0.95	1.00	1.05	1.10
<b>\$750,000</b>	0.79	0.83	0.90	0.95	1.00	1.05
<b>\$1,000,000</b>	0.75	0.79	0.86	0.91	0.96	1.00
<b>\$2,000,000</b>	0.69	0.73	0.79	0.84	0.88	0.93
<b>\$2,500,000</b>	0.67	0.71	0.77	0.82	0.86	0.90
<b>\$3,000,000</b>	0.66	0.69	0.75	0.80	0.84	0.88
<b>\$4,000,000</b>	0.63	0.67	0.73	0.77	0.81	0.85
<b>\$5,000,000</b>	0.61	0.64	0.70	0.74	0.78	0.82
<b>\$7,500,000</b>	0.58	0.61	0.66	0.70	0.74	0.77
<b>\$10,000,000</b>	0.55	0.58	0.63	0.67	0.71	0.74

Note: Interpolation/extrapolation should be used to determine a retention factor and rounding to 3 decimals if the desired retention is not shown.

### Section 3. Rate Bearing Endorsement

#### 1. Cost of Correction

Apply the appropriate factor from the following table and a 0.10 factor multiplicatively to the base rate determined in Section 1. Use the ILF table and retention table in Section 2 to select the ILF and retention factors based on the limit and retention selected in the endorsement.

##### a. Trade System Operating Procedures (e.g., controls and documentation)

Excellent	0.80 - 0.90
Above Average	0.91 - 1.00
Average	1.01 - 1.10
Below Average	1.11 - 1.25
Poor	1.25 - 1.50

### Section 4. Rating Modifications

- Severity Potential:** If characteristics of the account cause it to have an unusually high or low severity potential when compared to other accounts of similar size, apply the appropriate factor.

Below Average	0.85 - 0.95
Average	0.96 - 1.05
Above Average	1.06 - 1.25

- Operations:** Apply the factor corresponding to the response to each sub-category below:

##### a. Performance results compared to appropriate indices

Excellent	0.90 - 0.95
Above Average	0.96 - 1.00
Average	1.01 - 1.05
Below Average	1.06 - 1.10
Poor	1.11 - 1.15

**b. Operating Procedures (e.g., control and compliance manuals)**

Excellent	0.90 - 0.95
Above Average	0.96 - 1.00
Average	1.01 - 1.05
Below Average	1.06 - 1.10
Poor	1.11 - 1.15

**3. Type of Clients:** Apply the factor corresponding to the best description of the type of clients served.

Institutional	0.85 - 0.95
Blended	0.96 - 1.00
High Net Worth Individual	1.01 - 1.10
Retail	1.11 - 1.15

**4. Prior Litigation Experience:** Relates to any type of litigation which has been brought against the insured. A rate modification is determined based on the frequency, severity, and type of claims as follows:

None	0.85 - 0.95
Minimal	0.96 - 1.05
Material	1.06 - 1.25
Significant	1.26 - 1.35

**5. Years in Business**

> 10 years	0.85 - 0.95
> 5 years but = 10 years	0.96 - 1.05
= 5 years	1.06 - 1.25

**6. Management Experience Level**

Above Average	0.85 - 0.95
Average	0.96 - 1.05
Below Average	1.06 - 1.25

**7. Complexity of Business Operations**

Low	0.80 - 0.95
Average	0.96 - 1.05
High	1.06 - 1.20

### III. INVESTMENT COMPANY COVERAGE PART

**Premium Calculation:** The premium for this coverage part is calculated as follows:

The coverage premium is the sum of the 'basic' coverage premium, all applicable rate bearing endorsement premiums, and optional coverage premium.

*The 'basic' coverage premium is calculated as follows:*

**When the selected limit = \$1 million:** (Section 1 Base Rate) x (Section 2.1 ILF) x (Section 2.2 Retention Factor) x (Section 5 Rating Modifications)

**When the selected limit > \$1 million:** (Section 1 Base Rate) x (Section 2.1 ILF + Section 2.2 Retention Factor - 1) x (Section 5 Rating Modifications)

*The optional coverage premium in Section 3 is calculated as follows. ILF is based on the limit selected in the optional coverage.*

(Section 1 Base Rate) x (Section 2.1 ILF) x (Section 3 Optional limit Factor) x (Section 5 Rating Modifications)

*The rate bearing endorsement premium in Section 4 is calculated as follows. ILF and retention factor are based on the limit and retention selected in the endorsement.*

**When the selected endorsement limit = \$1 million:** (Section 1 Base Rate) x 0.10 x (Section 2.1 ILF) x (Section 2.2 Retention Factor) x (Section 4 Endorsement Factors) x (Section 5 Rating Modifications)

**When the selected endorsement limit > \$1 million:** (Section 1 Base Rate) x 0.10 x (Section 2.1 ILF + Section 2.2 Retention Factor - 1) x (Section 4 Endorsement Factors) x (Section 5 Rating Modifications)

#### Section 1. Base Rates

Base rates are for a \$1,000,000 limit, a base retention based on insured's mutual fund assets under management. (See Section 3 below for factors to apply if selected retention different from base retention.) Potential applicants with assets under management of \$500 billion or more will be 'a' rated.

Assets under Management (Mutual Fund Only) (in Billions)			Base Rate	Base Retention
		< \$0.5	\$5,000	\$50,000
= \$0.5	to	< \$1	\$5,500	\$50,000
= \$1	to	< \$2	\$6,000	\$50,000
= \$2	to	< \$4	\$6,500	\$100,000
= \$4	to	< \$7	\$7,500	\$100,000
= \$7	to	< \$10	\$10,000	\$100,000
= \$10	to	< \$15	\$12,500	\$250,000
= \$15	to	< \$20	\$15,000	\$250,000
= \$20	to	< \$25	\$17,000	\$250,000
= \$25	to	< \$35	\$19,500	\$500,000
= \$35	to	< \$50	\$22,500	\$500,000
= \$50	to	< \$75	\$25,000	\$750,000
= \$75	to	< \$100	\$27,500	\$750,000
= \$100	to	< \$150	\$32,500	\$1,000,000

= \$150	to	< \$200	\$37,500	\$1,000,000
= \$200	to	< \$300	\$45,000	\$1,000,000
= \$300	to	< \$400	\$50,000	\$1,000,000
= \$400	to	< \$500	\$55,000	\$1,000,000

## Section 2. Increased Limit Factors and Retention Factors

### 1. Increased Limit Factors

- a. For a limit = \$1 million the factors in the table below apply. Linear interpolation should be used to determine an Increased Limit Factor (ILF) if the desired limit is not shown (rounding to 3 decimals).

Limit	Factor
\$500,000	0.800
\$1,000,000	1.000

- b. For limits > \$1 million the ILF is calculated using the following formula and rounding to 3 decimals, where 'p' is the insured's coinsurance participation percentage:

$$ILF = (1-p) \times \{[\text{limit in millions} \div (1-p)]^{0.750}\}$$

The chart below shows sample ILFs calculated using the above formulas.

Limit	Factor
\$1,000,000	1.000
\$2,000,000	1.682
\$3,000,000	2.280
\$5,000,000	3.344
\$10,000,000	5.623
\$15,000,000	7.622
\$20,000,000	9.457
\$25,000,000	11.180

2. **Retention Factors:** Apply the applicable retention factor from the table below.

Selected Retention	Base Retention					
	\$50,000	\$100,000	\$250,000	\$500,000	\$750,000	\$1,000,000
\$25,000	1.10	1.16	1.26	1.34	1.40	1.47
\$50,000	1.00	1.05	1.14	1.21	1.27	1.33
\$100,000	0.95	1.00	1.09	1.16	1.21	1.27
\$150,000	0.90	0.94	1.03	1.09	1.15	1.20
\$250,000	0.87	0.92	1.00	1.06	1.11	1.17
\$500,000	0.83	0.87	0.95	1.00	1.05	1.10
\$750,000	0.79	0.83	0.90	0.95	1.00	1.05
\$1,000,000	0.75	0.79	0.86	0.91	0.96	1.00
\$2,000,000	0.69	0.73	0.79	0.84	0.88	0.93
\$2,500,000	0.67	0.71	0.77	0.82	0.86	0.90
\$3,000,000	0.66	0.69	0.75	0.80	0.84	0.88
\$4,000,000	0.63	0.67	0.73	0.77	0.81	0.85
\$5,000,000	0.61	0.64	0.70	0.74	0.78	0.82

<b>\$7,500,000</b>	0.58	0.61	0.66	0.70	0.74	0.77
<b>\$10,000,000</b>	0.55	0.58	0.63	0.67	0.71	0.74

Note: Interpolation/extrapolation should be used to determine a retention factor and rounding to 3 decimals if the desired retention is not shown.

### Section 3. Optional Additional Limit of Liability for Independent Directors Coverage

The appropriate factor should be applied multiplicatively to the base rate determined in Section 1. Use the ILF table in Section 2.1 to select the ILF factor based on the additional limit selected. No retention factor is applied.

If this Additional limit is the first coverage excess of the primary limit	0.20
If this additional limit is not the first coverage excess of the primary limit	0.10 – 0.20

### Section 4. Rate Bearing Endorsement

#### 1. Cost of Correction

Apply the appropriate factor from the following table and a factor of 0.10 multiplicatively to the base rate determined in Section 1. Use the ILF table and retention table in Section 2 to select the ILF and retention factors based on the limit and retention selected in the endorsement.

##### a. Trade System Operating Procedures (e.g., controls and documentation)

Excellent	0.80 - 0.90
Above Average	0.91 - 1.00
Average	1.01 - 1.10
Below Average	1.11 - 1.25
Poor	1.25 - 1.50

### Section 5. Rating Modifications

- Severity Potential:** If characteristics of the account cause it to have an unusually high or low severity potential when compared to other accounts of similar size, apply the appropriate factor.

Below Average	0.85 - 0.95
Average	0.96 - 1.05
Above Average	1.06 – 1.25

- Quality of Outside Service Providers:** Apply the factor corresponding to the quality of outside service providers

Superior	0.75 - 0.85
Excellent	0.86 - 0.95
Average	0.96 - 1.05
Below Average	1.06 - 1.15
Poor	1.16 - 1.25

- Operations:** Apply the factor corresponding to the response to each sub-category below:

a. Performance (e.g., rating by Morningstar)

Excellent	0.90 - 0.95
Above Average	0.96 - 1.00
Average	1.01 - 1.05
Below Average	1.06 - 1.10
Poor	1.11 - 1.15

b. Operating Procedures (e.g., control and compliance manuals)

Excellent	0.90 - 0.95
Above Average	0.96 - 1.00
Average	1.01 - 1.05
Below Average	1.06 - 1.10
Poor	1.11 - 1.15

c. Fees and Expenses

Below Average	0.85 - 0.95
Average	0.96 - 1.05
Above Average	1.06 - 1.15

4. **Prior Litigation Experience:** Relates to any type of litigation which has been brought against the insured. A rate modification is determined based on the frequency, severity, and type of claims as follows:

None	0.85 - 0.95
Minimal	0.96 - 1.05
Material	1.06 - 1.25
Significant	1.26 - 1.35

5. Years in Business

> 10 years	0.85 - 0.95
> 5 years but = 10 years	0.96 - 1.05
= 5 years	1.06 - 1.25

6. Management Experience Level

Above Average	0.85 - 0.95
Average	0.96 - 1.05
Below Average	1.06 - 1.25

7. Complexity of Business Operations

Low	0.80 - 0.95
Average	0.96 - 1.05
High	1.06 - 1.20





## IV. PRIVATE FUND COVERAGE PART

**Premium Calculation:** The premium for this coverage part is calculated as follows:

The coverage premium is the sum of the 'basic' coverage premium, optional coverage premium, and all applicable rate bearing endorsement premiums.

*The 'basic' coverage premium is calculated as follows:*

**When the selected limit = \$1 million:** (Section 1 Base Rate) x (Section 2.1 ILF) x (Section 2.2 Retention Factor) x (Section 5 Rating Modifications)

**When the selected limit > \$1 million:** (Section 1 Base Rate) x (Section 2.1 ILF + Section 2.2 Retention Factor -1) x (Section 5 Rating Modifications)

*The optional coverage premium in Section 3 is calculated as follows. ILF is based on the limit selected in the optional coverage.*

(Section 1 Base Rate) x (Section 2.1 ILF) x (Section 3 Optional limit Factor) x (Section 5 Rating Modifications)

*The rate bearing endorsement premiums in Section 4 are calculated as follows:*

### 1. Cost of Correction: (ILF and retention factor are based on the limit and retention selected in the endorsement)

**When the selected endorsement limit = \$1 million:** (Section 1 Base Rate) x 0.10 x (Section 2.1 ILF) x (Section 2.2 Retention Factor) x (Section 4 Endorsement Factors) x (Section 5 Rating Modifications)

**When the selected endorsement limit > \$1 million:** (Section 1 Base Rate) x 0.10 x (Section 2.1 ILF + Section 2.2 Retention Factor -1) x (Section 4 Endorsement Factors) x (Section 5 Rating Modifications)

### 2. Delete Insuring Clause B:

**When the selected limit = \$1 million:** (Section 1 Base Rate) x (Section 2.1 ILF) x (Section 2.2 Retention Factor) x (Section 4 Endorsement Factors) x (Section 5 Rating Modifications)

**When the selected limit > \$1 million:** (Section 1 Base Rate) x (Section 2.1 ILF + Section 2.2 Retention Factor -1) x (Section 4 Endorsement Factors) x (Section 5 Rating Modifications)

### 3. Outside Directorship Liability Coverage: (The base rate is selected in the endorsement.)

**When the selected limit = \$1 million:** (Base Rate from the endorsement) x (Section 2.1 ILF) x (Section 2.2 Retention Factor) x (Section 5 Rating Modifications)

**When the selected limit > \$1 million:** (Base Rate from the endorsement) x (Section 2.1 ILF + Section 2.2 Retention Factor -1) x (Section 5 Rating Modifications)

#### Section 1. Base Rates

Base rates are for a \$1,000,000 limit and a base retention based on insured's hedge fund and private investment fund assets under management. (See Section 3 below for factors to apply if selected retention different from base retention.) Potential insured with assets under management of \$15 billion or more will be 'a' rated.

Assets under Mgmt. (Hedge and Private Investment)	Base	Base
--	------	------

Fund) (in Billions)			Rate	Retention
		< \$0.1	\$15,000	\$50,000
= \$0.1	to	< \$0.25	\$17,000	\$100,000
= \$0.25	to	< \$0.5	\$19,000	\$100,000
= \$0.5	to	< \$1	\$23,000	\$250,000
= \$1	to	< \$2	\$25,000	\$250,000
= \$2	to	< \$4	\$30,000	\$500,000
= \$4	to	< \$7	\$35,000	\$1,000,000
= \$7	to	< \$10	\$40,000	\$1,000,000
= \$10	to	< \$15	\$45,000	\$1,000,000

## Section 2. Increased Limit Factors and Retention Factors

### 1. Increased Limit Factors

- a. For a limit = \$1 million the factors in the table below apply. Linear interpolation should be used to determine an Increased Limit Factor (ILF) if the desired limit is not shown (rounding to 3 decimals).

Limit	Factor
\$500,000	0.800
\$1,000,000	1.000

- b. For limits > \$1 million the ILF is calculated using the following formula and rounding to 3 decimals, where 'p' is the insured's coinsurance participation percentage:

$$ILF = (1-p) \times \{[\text{limit in millions} \div (1-p)]^{0.750}\}$$

The chart below shows sample ILFs calculated using the above formulas.

Limit	Factor
\$1,000,000	1.000
\$2,000,000	1.682
\$3,000,000	2.280
\$5,000,000	3.344
\$10,000,000	5.623
\$15,000,000	7.622
\$20,000,000	9.457
\$25,000,000	11.180

2. **Retention Factors:** Apply the applicable retention factor from the table below.

Selected Retention	Base Retention				
	\$50,000	\$100,000	\$250,000	\$500,000	\$1,000,000
\$25,000	1.10	1.16	1.26	1.34	1.47
\$50,000	1.00	1.05	1.14	1.21	1.33
\$100,000	0.95	1.00	1.09	1.16	1.27
\$150,000	0.90	0.94	1.03	1.09	1.20
\$250,000	0.87	0.92	1.00	1.06	1.17
\$500,000	0.83	0.87	0.95	1.00	1.10
\$750,000	0.79	0.83	0.90	0.95	1.05
\$1,000,000	0.75	0.79	0.86	0.91	1.00
\$2,000,000	0.69	0.73	0.79	0.84	0.93
\$2,500,000	0.67	0.71	0.77	0.82	0.90
\$3,000,000	0.66	0.69	0.75	0.80	0.88
\$4,000,000	0.63	0.67	0.73	0.77	0.85
\$5,000,000	0.61	0.64	0.70	0.74	0.82
\$7,500,000	0.58	0.61	0.66	0.70	0.77
\$10,000,000	0.55	0.58	0.63	0.67	0.74

Note: Interpolation/extrapolation should be used to determine a retention factor and rounding to 3 decimals if the desired retention is not shown.

### Section 3. Optional Additional Limit of Liability for Independent Directors Coverage

The appropriate factor should be applied multiplicatively to the base rate determined in Section 1. Use the ILF table in Section 2.1 to select the ILF factor based on the additional limit selected. No retention factor is applied.

If this Additional limit is the first coverage excess of the primary limit	0.20
If this additional limit is not the first coverage excess of the primary limit	0.10 – 0.20

### Section 4. Rate Bearing Endorsements

The following rate-bearing endorsements are available to this policy. The premium for each selected endorsement is calculated individually.

#### 1. Cost of Correction

Apply the appropriate factor from the following table and 0.10 factor multiplicatively to the base rate determined in Section 1. Use the ILF table and retention table in Section 2 to select the ILF and retention factors based on the limit and retention selected in the endorsement.

#### Trade System Operating Procedures (e.g., controls and documentation)

Excellent	0.80 - 0.90
Above Average	0.91 - 1.00
Average	1.01 - 1.10
Below Average	1.11 - 1.25
Poor	1.25 - 1.50

#### 2. Delete Insuring Clause B: (Delete Fund Manager and Insured Person Professional Liability Coverage)

Apply a factor of -0.10 to -0.25 multiplicatively to the product of the base rate determined in Section 1, the ILF and Retention Factors determined in Section 2

### 3. Outside Directorship Liability Coverage: (For-profit Double Excess)

Breakdown the total number of outside board seats into the following two categories. For each category multiply the selected base rate by its respective number of outside board seats. The sum of the above is the base rate for this endorsement.

	<u>Base Rates</u> (per outside board seat)
◆ Private Outside Board Seats	\$100 - \$400
◆ Public Outside Board Seats	\$500 - \$4,000

## Section 5. Rating Modifications

### 1. Complexity of Investment Strategy

Low	0.85 - 0.95
Average	0.96 - 1.05
High	1.06 - 1.20

### 2. Type of Investor: Apply the appropriate factor based on the funds primary investors.

Institution	0.90 - 1.00
Blended	1.01 - 1.20
Individual	1.21 - 1.30

### 3. Investment Performance: Results compared to appropriate peers.

Excellent	0.90 - 0.95
Above Average	0.96 - 1.00
Average	1.01 - 1.05
Below Average	1.06 - 1.10
Poor	1.11 - 1.15

### 4. Management Experience Level

Above Average	0.85 - 0.95
Average	0.96 - 1.05
Below Average	1.06 - 1.25

### 5. Prior Litigation Experience: Relates to any type of litigation which has been brought against the insured. A rate modification is determined based on the frequency, severity, and type of claims as follows:

None	0.85 - 0.95
Minimal	0.96 - 1.05

Material	1.06 - 1.25
Significant	1.26 - 1.35

#### 6. Years in Business

> 10 years	0.85 - 0.95
> 5 years but = 10 years	0.96 - 1.05
= 5 years	1.06 - 1.25

#### 7. Quality of Outside Service Providers: Apply the appropriate factor based on the quality of the company's outside service providers.

Superior	0.75 - 0.85
Excellent	0.86 - 0.95
Average	0.96 - 1.05
Below Average	1.06 - 1.15
Poor	1.16 - 1.25

## V. EMPLOYMENT PRACTICES LIABILITY

**Premium Calculation:** The premium for this coverage part is calculated as follows:

**When the selected limit = \$1 million:** (Section 1 Base Rate) x (Section 2.1 ILF) x (Section 2.2 Retention Factor) x (Section 3 California Exposure Factor) x (Section 4 Rating Modifications)

**When the selected limit > \$1 million:** (Section 1 Base Rate) x (Section 2.1 ILF + Section 2.2 Retention Factor - 1) x (Section 3 California Exposure Factor) x (Section 4 Rating Modifications)

### Section 1. Base Rates

Base rates are for a \$1,000,000 limit and the base retention for the employer size as shown in Chart below. Potential applicants with number of employees of 10,000 or more will be 'a' rated.

Number of Employees	Rate per Employee	Number of Employees	Rate per Employee	Number of Employees	Rate per Employee
Use in: AK, AL, AR, AZ, CO, CT, DC, DE, GA, IA, ID, IL, IN, KY, MA, MD, ME, MS, NC, ND, NH, NV, OR, PA, RI, SC, UT, VT, WI, WY		Use in: NJ, TN		Use in: WV	
First 14	\$3,090 flat	First 14	\$3,708 flat	First 14	\$6,180 flat
Next 45	\$66.50	Next 45	\$79.80	Next 45	\$133.00
Next 40	\$43.75	Next 40	\$52.50	Next 40	\$87.50
Next 50	\$41.37	Next 50	\$49.64	Next 50	\$82.74
Next 50	\$41.12	Next 50	\$49.34	Next 50	\$82.24
Next 150	\$39.00	Next 150	\$46.80	Next 150	\$78.00
Next 150	\$38.50	Next 150	\$46.20	Next 150	\$77.00
Next 250	\$31.12	Next 250	\$37.34	Next 250	\$62.25
Next 250	\$23.00	Next 250	\$27.60	Next 250	\$46.00

Next 1,500	\$4.61	Next 250	\$5.53	Next 250	\$9.22
Next 2,500	\$3.08	Next 250	\$3.70	Next 250	\$6.15
Next 2,500	\$1.81	Next 250	\$2.17	Next 250	\$3.62
Next 2,500	\$1.28	Next 250	\$1.54	Next 250	\$2.56

Note: Number of Employees =  $[1.0 \times (\# \text{ of Full-Time Employees})] + [0.8 \times (\# \text{ of Part-Time Employees})] + [(1/N) \times (\# \text{ of Foreign Employees})]$ , where N can be a number between 6 and 20.

## Section 2. Increased Limit Factors and Retention Factors

### 1. Increased Limit Factors

- a. For a limit = \$1 million the factors in the table below apply. Linear interpolation should be used to determine an Increased Limit Factor (ILF) if the desired limit is not shown (rounding to 3 decimals).

Limit	Factor
\$500,000	0.800
\$1,000,000	1.000

- b. For limits = \$1 million, the ILF is calculated using the following formula and rounding to 3 decimals, where 'p' is the insured's coinsurance participation percentage:

$$ILF = (1-p) \times \{[\text{limit in millions} \div (1-p)]^{0.675}\}$$

The chart below shows sample ILFs calculated using the above formula.

Limit	Factor
\$1,000,000	1.000
\$2,000,000	1.597
\$2,500,000	1.856
\$3,000,000	2.099
\$4,000,000	2.549
\$5,000,000	2.963
\$7,500,000	3.896

2. **Retention Factors:** The applicable retention factor varies depending on the employer size as follows:

Retention	Number of Employees							
	1-99	100-249	250-499	500-999	1,000-2,499	2,500-4,999	5,000-7,499	7,500-9,999
\$2,500	1.450	1.545	1.683	1.916	2.345	2.495	2.572	2.848
\$3,500	1.325	1.412	1.538	1.751	2.143	2.280	2.350	2.602
\$5,000	1.150	1.225	1.335	1.520	1.860	1.979	2.040	2.259
\$7,500	1.060	1.129	1.230	1.401	1.714	1.823	1.880	2.082
\$10,000	<b>1.000</b>	1.065	1.161	1.321	1.617	1.720	1.774	1.965
\$12,500	0.966	1.029	1.122	1.277	1.563	1.663	1.714	1.898
\$15,000	0.939	<b>1.000</b>	1.090	1.240	1.554	1.615	1.665	1.844
\$20,000	0.895	0.954	1.039	1.183	1.482	1.540	1.588	1.759
\$25,000	0.862	0.918	<b>1.000</b>	1.138	1.426	1.482	1.528	1.692
\$30,000	0.834	0.888	0.968	1.102	1.381	1.435	1.479	1.638
\$35,000	0.811	0.864	0.941	1.071	1.342	1.395	1.438	1.592
\$40,000	0.790	0.842	0.918	1.045	1.309	1.361	1.402	1.553
\$50,000	0.757	0.806	0.878	<b>1.000</b>	1.253	1.302	1.342	1.486
\$75,000	0.695	0.741	0.807	0.919	1.151	1.197	1.234	1.367
\$100,000	0.652	0.695	0.757	0.862	1.080	1.122	1.156	1.280
\$125,000	0.634	0.675	0.736	0.838	1.024	1.064	1.097	1.215
\$150,000	0.619	0.660	0.719	0.818	<b>1.000</b>	1.039	1.071	1.186
\$200,000	0.596	0.635	0.692	0.788	0.962	<b>1.000</b>	1.031	1.142
\$250,000	0.578	0.616	0.671	0.764	0.933	0.970	<b>1.000</b>	1.107
\$300,000	0.563	0.600	0.654	0.745	0.910	0.946	0.975	1.080
\$350,000	0.551	0.587	0.640	0.728	0.889	0.924	0.953	1.055
\$400,000	0.540	0.575	0.627	0.714	0.872	0.906	0.934	1.034
\$450,000	0.531	0.565	0.616	0.701	0.857	0.890	0.918	1.017
\$500,000	0.522	0.556	0.606	0.690	0.843	0.877	0.903	<b>1.000</b>
\$600,000	0.508	0.541	0.589	0.671	0.820	0.852	0.878	0.972
\$700,000	0.495	0.527	0.575	0.654	0.799	0.831	0.856	0.948
\$750,000	0.490	0.522	0.568	0.647	0.790	0.821	0.847	0.938
\$800,000	0.484	0.516	0.562	0.640	0.782	0.813	0.838	0.928
\$900,000	0.475	0.506	0.551	0.627	0.767	0.797	0.821	0.909
\$1,000,000	0.466	0.497	0.541	0.616	0.753	0.783	0.807	0.894
\$1,500,000	0.434	0.462	0.503	0.573	0.700	0.728	0.750	0.831
\$2,000,000	0.410	0.437	0.476	0.542	0.662	0.688	0.710	0.786
\$2,500,000	0.392	0.418	0.456	0.519	0.634	0.659	0.679	0.752
\$3,000,000	0.378	0.402	0.439	0.499	0.610	0.634	0.653	0.723
\$3,500,000	0.365	0.389	0.424	0.483	0.590	0.613	0.632	0.700
\$4,000,000	0.355	0.378	0.412	0.469	0.572	0.595	0.613	0.679
\$5,000,000	0.337	0.359	0.391	0.445	0.544	0.565	0.582	0.645
\$6,000,000	0.322	0.343	0.374	0.425	0.520	0.540	0.557	0.617
\$7,000,000	0.309	0.330	0.359	0.409	0.499	0.519	0.535	0.592
\$8,000,000	0.299	0.318	0.347	0.395	0.482	0.501	0.517	0.573
\$9,000,000	0.289	0.308	0.336	0.382	0.467	0.485	0.500	0.554
\$10,000,000	0.281	0.299	0.326	0.371	0.453	0.471	0.486	0.538
\$11,000,000	0.273	0.291	0.317	0.361	0.441	0.459	0.472	0.523



\$12,000,000	0.266	0.283	0.309	0.352	0.430	0.447	0.460	0.509
\$13,000,000	0.260	0.277	0.301	0.343	0.419	0.435	0.449	0.497
\$14,000,000	0.254	0.270	0.294	0.335	0.409	0.426	0.439	0.486
\$15,000,000	0.248	0.264	0.288	0.328	0.400	0.416	0.429	0.475
\$16,000,000	0.243	0.259	0.282	0.321	0.392	0.407	0.420	0.465
\$17,000,000	0.238	0.253	0.276	0.314	0.384	0.399	0.412	0.456
\$18,000,000	0.233	0.249	0.271	0.308	0.377	0.391	0.404	0.447
\$19,000,000	0.229	0.244	0.266	0.303	0.369	0.384	0.396	0.439
\$20,000,000	0.225	0.240	0.261	0.297	0.363	0.378	0.389	0.431
\$25,000,000	0.207	0.220	0.240	0.273	0.334	0.347	0.358	0.396

Note: Interpolation/extrapolation should be used to determine a retention factor and rounding to 3 decimals if the desired retention is not shown.

### Section 3. California Exposure Factor

Non-California domiciled risks with employees located in the state of California will have their base rate from Section 1 modified by the following factor:

Factor = 1 + (% of Total Employees Located in the State of California)

### Section 4. Rating Modifications

The factors in the following charts should be applied multiplicatively to the premium developed in Section 1.

#### 1. Hedge Fund Manager Factor

Are there employees working as hedge fund manager?	Factor
Yes	1.10 - 1.20
No	1.0

#### 2. Years in Business

> 10 years	0.85 - 0.95
> 5 years but = 10 years	0.96 - 1.05
= 5 years	1.06 - 1.25

#### 3. Employee Turnover Rate Relative to Industry

Below Average	0.85 - 0.95
Average	0.96 - 1.05
Above Average	1.06 - 1.25

#### 4. Reductions in Workforce

Below Average	0.85 - 0.95
Average	0.96 - 1.05

Above Average	1.06 - 1.25
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**5. Employee Diversity**

Above Average	0.90 - 1.00
Average	1.01 - 1.10
Below Average	1.11 - 1.20

**6. Complexity of Workforce**

Below Average	0.90 - 0.95
Average	0.96 - 1.05
Above Average	1.06 - 1.25

**7. Human Resources**

**a. Practices and Procedures**

Above Average	0.85 - 0.95
Average	0.96 - 1.05
Below Average	1.06 - 1.25

**b. Training and Communication of Practices and Procedures**

Above Average	0.90 - 1.00
Average	1.01 - 1.10
Below Average	1.11 - 1.20

**c. Loss Prevention and Mitigation**

Above Average	0.90 - 1.00
Average	1.01 - 1.10
Below Average	1.11 - 1.20

**8. Prior EPL Claim Activity**

None	0.90 - 1.00
Minimal	1.01 - 1.10
Material	1.11 - 1.25
Significant	1.26 - 2.50

**9. Financial Stability**

Excellent	0.75 - 0.95
Average	0.96 - 1.10
Below Average	1.11 - 1.40

**10. Merger & Acquisition / Capital Raising Activity**

None	0.95 - 1.00
Little Activity	1.01 - 1.05
Moderate Activity	1.06 - 1.25
Highly Acquisitive	1.26 - 1.75

**11. Salary Range**

Average Spread	0.95 - 1.00
Below Average Spread	1.01 - 1.10
High Percentage Earning Over \$100,000	1.11 - 1.25

**12. Company's Use of Stock Options**

Average	1.00
High	1.10 - 1.50

## VI. FIDUCIARY LIABILITY COVERAGE PART

**Premium Calculation:** The premium for this coverage part is calculated as follows:

**When the selected limit = \$1 million:** (Section 1 Base Rate) x (Section 2.1 ILF) x (Section 2.2 Retention Factor) x (Section 3 Rating Modifications)

**When the selected limit > \$1 million:** (Section 1 Base Rate) x (Section 2.1 ILF + Section 2.2 Retention Factor - 1) x (Section 3 Rating Modifications)

### Section 1. Base Rates

The following base rates apply based on the insured's total plan assets. Base rates are for a \$1,000,000 limit and the base retention for the risk's size as shown in Chart below. Potential insured with total plan assets of \$2.5 billion or more will be 'a' rated.

Total Plan Assets	Base Rate
< \$250,000	\$800
= \$250,000 to < \$500,000	1,000
= \$500,000 to < \$1,000,000	1,500
= \$1,000,000 to < \$1,750,000	1,800
= \$1,750,000 to < \$2,500,000	2,150
= \$2,500,000 to < \$5,000,000	2,600
= \$5,000,000 to < \$10,000,000	3,300
= \$10,000,000 to < \$25,000,000	4,400
= \$25,000,000 to < \$50,000,000	5,525
= \$50,000,000 to < \$100,000,000	7,000
= \$100,000,000 to < \$250,000,000	8,000
= \$250,000,000 to < \$500,000,000	11,300
= \$500,000,000 to < \$1,000,000,000	16,000
= \$1,000,000,000 to < \$2,500,000,000	25,000

### Section 2. Increased Limit Factors and Retention Factors

#### 1. Increased Limit Factors

- a. For a limit = \$1 million the factors in the table below apply. Linear interpolation should be used to determine an Increased Limit Factor (ILF) if the desired limit is not shown (rounding to 3 decimals).

Limit	Factor
\$500,000	0.800
\$1,000,000	1.000

- b. For limits = \$1 million, the ILF is calculated using the following formula and rounding to 3 decimals, where 'p' is the insured's coinsurance participation percentage:

$$ILF = (1-p) \times \{[\text{limit in millions} \div (1-p)]^{0.520}\}$$

The chart below shows sample ILFs calculated using the above formula.

Limit	Factor
\$1,000,000	1.000

\$2,000,000	1.434
\$2,500,000	1.610
\$3,000,000	1.771
\$4,000,000	2.056
\$5,000,000	2.309
\$7,500,000	2.851
\$10,000,000	3.311

**2. Retention Factors:** The applicable retention factor varies depending on the insured's total plan asset size as follows:

Total Plan Assets	\$0K	\$5K	\$10K	\$25K	\$50K	\$100K	\$250K	\$500K	\$1M	\$2.5M	\$5M
< \$10 million	1.00 0	0.92 2	0.87 0	0.78 3	0.67 0	0.565	0.496	0.452	0.41 7	0.396	0.37 6
= \$10 million to < \$25 million	1.00 0	0.92 2	0.87 0	0.78 3	0.67 0	0.565	0.496	0.452	0.41 7	0.396	0.37 6
= \$25 million to < \$50 million	1.00 0	0.92 2	0.87 0	0.78 3	0.67 0	0.565	0.496	0.452	0.41 7	0.396	0.37 6
= \$50 million to < \$100 million	1.00 0	0.92 2	0.87 0	0.78 3	0.67 0	0.565	0.496	0.452	0.41 7	0.396	0.37 6
= \$100 million to < \$250 million	1.08 5	1.00 0	0.94 3	0.84 9	0.72 6	0.613	0.538	0.491	0.45 3	0.430	0.40 8
= \$250 million to < \$500 million	1.15 0	1.06 0	1.00 0	0.90 0	0.77 0	0.650	0.570	0.520	0.48 0	0.456	0.43 2
= \$500 million to < \$1 billion	1.27 8	1.17 8	1.11 1	1.00 0	0.85 6	0.722	0.633	0.578	0.53 3	0.506	0.48 1
= \$1 billion to < \$2.5 billion	1.49 2	1.37 6	1.29 8	1.16 8	1.00 0	0.843	0.740	0.674	0.62 2	0.591	0.56 1

Note: Interpolation/extrapolation should be used to determine a retention factor and rounding to 3 decimals if the desired retention is not shown.

### Section 3. Rating Modifications

#### 1. Years in Business

> 10 years	0.85 - 0.95
> 5 years but = 10 years	0.96 - 1.05
= 5 years	1.06 - 1.25

#### 2. Prior Fiduciary Claim Activity

None	0.90 - 1.00
Minimal	1.01 - 1.10
Material	1.11 - 1.25
Significant	1.26 - 2.50

#### 3. Financial Stability

Excellent	0.75 - 0.95
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Average	0.96 - 1.10
Below Average	1.11 - 1.40

#### 4. Merger & Acquisition / Capital Raising Activity

None	0.95 - 1.00
Little Activity	1.01 - 1.05
Moderate Activity	1.06 - 1.25
Highly Acquisitive	1.26 - 1.75

#### 5. Management Quality / Stability

Excellent:	0.80 - 0.95
Average:	0.96 - 1.05
Below Average:	1.06 - 1.25
Poor:	1.26 - 1.50

#### 6. Plan and Regulatory Compliance

Fully Compliant	1.00
Minimal Noncompliance	1.01 - 1.15
Material Noncompliance	1.16 - 1.50

#### 7. Type of Benefit Plan

Only Welfare Benefit Plans	0.85 - 1.00
Welfare Benefit and Defined Contribution Plans	1.01 - 1.10
Welfare Benefit, Defined Contribution and Defined Benefit Plans	1.11 - 1.25

#### 8. Employee Stock Ownership Plan

No ESOP	1.00 - 1.10
Public over one year and ESOP Own < 15% of Shares	1.11 - 1.25
Public over one year and ESOP Owns = 15% but < 50% of Shares	1.26 - 1.75
Public over one year and ESOP Owns = 50% of Shares	1.76 - 2.50
Private or public under one year and ESOP owns < 15% of Shares	1.20 - 1.50
Private or public under one year and ESOP owns = 15% but < 50% of Shares	1.51 - 2.00
Private or public under one year and ESOP owns = 50% of Shares	2.01 - 3.00

#### 9. 401K Invested in Company Stock

Private Company	1.00
Public and < 10% of 401K total value is invested in own company stock	1.01 - 1.20
Public and = 10% of 401K total value is invested in own company stock	1.21 - 1.40

#### 10. Plan Termination

None in last two years	1.00 - 1.05
In last two years	1.06 - 1.10

In last year or anticipated in the next 12 months	1.11 - 1.20
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#### 11. Quality of Plan Management

Outside Administrator	1.00 - 1.05
Inside Manager	1.06 - 1.15

#### 12. Quality and Diversity of Plan Investments

Superior	0.90 – 1.00
Average	1.01 - 1.10
Below Average	1.11 - 1.25

#### 13. Funding Position

Funding within 10% of necessary level	1.00 – 1.05
Overfunded or Underfunded by more than 10% but less than 25%	1.06 - 1.15
Overfunded or Underfunded by at least 25%	1.16 - 1.25

### VII. SHARED LIMIT DISCOUNT FACTOR

The final policy premium is calculated as follows:

**If the Optional Additional Limit of Liability for Independent Directors Coverage is purchased:**

[(Sum of Modified Premiums from Coverage Part I – VI) –  
(Modified Premium from Optional Additional Limit of Liability for Independent Directors Coverage)] x  
Shared Limit Discount Factor + (Modified Premium from Optional Additional Limit of Liability for Independent Directors  
Coverage)

**If the Optional Additional Limit of Liability for Independent Directors Coverage is not purchased:**

(Sum of Modified Premiums from Coverage Part I – VI) x Shared Limit Discount Factor

When multiple coverages are purchased, and they share in the single policy aggregate limit, a shared limit discount will be applied. The modified premium of a coverage part is the sum of the base premium, optional coverage premium, and all applicable rate bearing endorsement premiums calculated above at each coverage part. (If optional additional limit of liability for independent directors coverage is purchased, this additional premium should be excluded from the coverage part premium and following calculation.) The following formula should be applied to determine the factor to discount the premium for shared limits (rounding to 3 decimals).

$$\begin{aligned} & \{ (\text{Modified Premium from Coverage Part I above})^{1.09} \\ & + (\text{Modified Premium from Coverage Part II above})^{1.09} \\ & + (\text{Modified Premium from Coverage Part III above})^{1.09} \\ & + (\text{Modified Premium from Coverage Part IV above})^{1.09} \\ & + (\text{Modified Premium from Coverage Part V above})^{1.09} \end{aligned}$$

$$\frac{+ (\text{Modified Premium from Coverage Part VI above})^{1.09}}{/ (\text{Sum of Modified Premiums from Coverage Part I – VI})} \}^{(1/1.09)}$$



<i>SERFF Tracking Number:</i>	<i>CHUB-125444453</i>	<i>State:</i>	<i>Arkansas</i>
<i>Filing Company:</i>	<i>Federal Insurance Company</i>	<i>State Tracking Number:</i>	<i>#368640 \$100</i>
<i>Company Tracking Number:</i>	<i>DO AR0038610R01</i>		
<i>TOI:</i>	<i>17.1 Other Liability - Claims Made Only</i>	<i>Sub-TOI:</i>	<i>17.1006 Directors &amp; Officers Liability</i>
<i>Product Name:</i>	<i>Asset Management Protector by Chubb</i>		
<i>Project Name/Number:</i>	<i>/00386</i>		

## Supporting Document Schedules

**Satisfied -Name:** Actuarial Memo

**Review Status:**

Accepted for Informational Purposes 03/13/2008

**Comments:**

**Attachment:**

AMP Actuarial Memo.pdf

# Asset Management Protector<sup>SM</sup> by Chubb

## *Actuarial Memorandum*

Asset Management Protector<sup>SM</sup> by Chubb is a comprehensive new product intended to meet the diverse specialty insurance needs of mutual funds, hedge funds and investment advisers. The portfolio design of this product allows potential insureds to apply for any one or more of the six coverages contained in this product. There are no restrictions to the portfolio “menu”, so that any one or any combination of two or more coverage parts may be selected.

The six coverage parts include:

- Directors and Officers Liability (D&O)
- Professional Liability (E&O)
- Investment Company (E&O and/or D&O)
- Private Fund (E&O and/or D&O)
- Employment Practices Liability (EPL)
- Fiduciary Liability

The attached rating plan outlines a separate premium calculation for each coverage part. After each of these is calculated, a discount factor for shared limits is applied to determine the final premium. The basis of the discount for shared limits formula was borrowed from Chubb's Forefront Portfolio for Community Banks product.

Set forth below are some brief comments outlining the approach we used to develop the rating of each coverage part:

### Directors and Officers Liability

The D&O rates for public companies are equivalent to Chubb's Financial Institution Portfolio D&O base rates. For private companies the D&O rates are based on internal private-company experience and use an exposure base of assets under management.

### Professional Liability

These base rates are set at 3 times (on average) the private company D&O base rates after adjustments for differences in the base retentions.

### Investment Company

These base rates are set at 50% of the Professional Liability section base rates.

### Private Fund

These base rates are based on an analysis of an existing Chubb countrywide book of business. In a few cases there were either very few (or no) accounts that fell in the selected assets under management exposure base bands. Interpolation between the neighboring bands was performed to select the base rates in these cases. The base rates were also compared to the average assets under management per band to confirm a reasonable progression as assets under management increased.

# Asset Management Protector<sup>SM</sup> by Chubb

## *Actuarial Memorandum*

### Employment Practices Liability

The EPL base rates are based on Chubb's ForeFront Portfolio for Community Banks EPL rates. Adjustments were made to reflect assumptions about differences in frequency and severity for this segment as compared to community banks.

### Fiduciary Liability

The Fiduciary base rates are equivalent to Chubb's ForeFront Portfolio for Community Banks Fiduciary base rates.

### Increased Limit Factors

The D&O, Professional Liability, Investment Company and Private Fund increased limit factors (ILFs) are equivalent to Chubb's Financial Institutions Portfolio D&O ILFs. The EPL ILFs are equivalent to Chubb's ForeFront Portfolio for Community Banks EPL ILFs. The Fiduciary ILFs are equivalent to Chubb's ForeFront Portfolio for Community Banks Fiduciary ILFs.

### Retention Factors

Each coverage part contains their respective retention factors. The base retentions were set at what we believe to be the appropriate retention level for each of these coverage grants. However, a choice of retentions is available to allow potential insureds to tailor the coverage to their individual needs.

### Rating Modifications

The final rating component is the rating modifications, which are located in final section of each coverage part. The rating modifications were created to give the underwriter the ability to debit or credit the premium based on the unique attributes of a potential insured. Care was taken so that each of these modifications was objective, and the criteria associated with each factor specific.

### Summary

We believe the rating plan provides a reasonable estimate of our average future costs balanced with an ability to tailor the product to each potential insureds' needs and unique characteristics. The rating plan will provide a solid foundation to our underwriters who are given the task of writing these lines of insurance. Internal systems have been built to capture and analyze premium and loss experience as they develop over time. We shall submit rating adjustments and subsequent rate filings as historical experience deems appropriate and justified.